

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF GREEN RIVER)	
ELECTRIC CORPORATION'S RATES)	CASE NO. 9973
FOR DISTRIBUTION ELECTRIC SERVICE)	

O R D E R

On September 3, 1987, Green River Electric Corporation ("Green River") filed a letter, which the Commission will treat as a Motion, requesting clarification of the Order entered September 1, 1987, approving new rates for electric service. Green River states that its compliance report and testimony pointed out that the Southwire Company ("Southwire") has historically been billed at the same rate as its subsidiary, National Southwire Aluminum Company ("NSA"). This practice must now cease because Southwire, as a fabricator of aluminum, is not eligible for service under the new rate applicable to NSA, the Variable Aluminum Smelter Rate. Consequently, Green River sought approval to bill Southwire at the rate established for Green River Coal Company due to the similarity of their loads and usage patterns. However, the Commission's Order did not address this issue.

On September 9, 1987, Southwire responded to Green River's request for clarification by stating that it was an attempt "to obtain a premature, advisory opinion from the Commission on an issue not yet ripe for determination." Referring to statements in the hearing transcript that disclose ongoing contract negotiations

between Green River, Southwire, and NSA, Southwire claims that the Commission should defer this rate issue until a service contract is executed. Further, Southwire argues that the terms and conditions of service for a particular customer are not appropriate issues for adjudication in a general rate case.

On September 10, 1987, NSA responded to Green River's motion by stating that it had no particular interest in the rate to be charged Southwire but that NSA should be entitled to a credit against its minimum contract demand for any power supplied to Southwire.

Green River filed on September 11, 1987, a reply to the responses of Southwire and NSA. Green River agrees that the Commission should not adjudicate the contract demand issue since it is not ripe but argues that there must be a clarification of the rate to be charged to Southwire on and after September 1, 1987.

Based on Green River's motion and the responses thereto, the Commission is of the opinion and hereby finds that good cause exists to clarify its September 1, 1987, Order approving new rates. The Variable Aluminum Smelter Rate, approved on September 1, 1987, is available for power consumed by NSA but not Southwire. Although Southwire has been served by Green River for over 15 years, there is now no approved rate for Southwire's consumption. While the rate would normally be one element of the service contract to be negotiated between a utility and an industrial customer, the case at hand is unique because the customer is already on the system and receiving service without a contract.

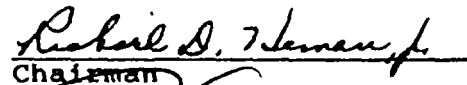
The Commission finds that it must clarify its Order by determining the appropriate rate for service to Southwire. Based on the evidence that Southwire's load characteristics are similar to that of Green River Coal Co., Southwire should be billed at the same rate. However, the Commission emphasizes that this finding is without prejudice to the parties' rights to subsequently file for approval of a service contract incorporating a different rate.

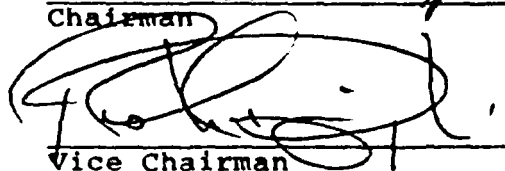
Further, NSA should receive a credit against its minimum contract demand equal to the megawatts of demand actually billed to Southwire. Such a credit is fair and reasonable since Southwire's load was part of NSA's demand prior to September 1, 1987. The Commission will leave to the parties the task of negotiating a revised service contract that reflects the demand credit approved herein.

IT IS THEREFORE ORDERED that the Commission's Order entered September 1, 1987, be and it hereby is clarified in accord with the findings herein and affirmed in all other respects.

Done at Frankfort, Kentucky, this 23rd day of September, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Executive Director


Commissioner